

# **EXHIBIT 11**

Unusual Order Algorithm, Tier Explanation 12/08/11

**Modifications to Procedures for Identification and Review of Unusual Orders**

Current status:

*Algorithm*

- Existing SOM Program (algorithm) sets a monthly limit at [REDACTED], by DEA reporting class [REDACTED]
- The algorithm has been established to identify whether a customer is deviating from a normal order pattern, size and frequency (*i.e.*, it is comparing a customer's current orders against that customer's orders during [REDACTED])
- Orders that hit the algorithm are deemed Peculiar and JDE automatically generates an Peculiar Order Report daily with those orders

## General

- Target date for go-live for the Unusual Order detection system is 03/01/12
- Unusual Orders detected by three-tiered system of algorithms and investigated by SOM Analyst (Jennifer Buist)
- All Unusual Orders will be subject to a password protected ship hold pending investigation
- The existing Peculiar Order Report process will remain intact until go live of the Unusual Order detection system

## Tier 1

- Tier 1 will be a monthly limit on oxycodone 15 mg and 30 tablets purchased by ABC, Cardinal, McKesson and H.D. Smith (based on customer sold to address).
- Tier 1 monthly limit may be adjusted periodically.
- Tier 1 skus may be adjusted periodically.

Current skus for Tier 1 (see attached sku listing)

851501	OXYCODONE HCL 15MG TABS USP
853001	OXYCODONE HCL 30MG TABS USP

## Tier 2

- Tier 2: An enhanced standard algorithm (designed to restrict increases over time) that will apply to orders from all other customers of SKUs identified by DEA as particularly subject to diversion and abuse.

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- Initially, Tier 2 will apply to orders from all customers (excluding the large distributors covered by Tier 1) for oxycodone 15 mg and 30 mg tablets and orders from all customers (including large distributors) for all hydrocodone SKUs and methadone SKUs. (See attached sku listing).
- Tier 2 is a [REDACTED] algorithm with percentage increase limitation for products with moderate diversion risk
- It provides for a monthly algorithm based upon a multiple of the average amount of product ordered during the previous [REDACTED] months by customer, by DEA reporting class and a multiple of the average number of orders of product during the previous [REDACTED] months by customer, by DEA reporting class.
- The multiple may be the [REDACTED] standard multiple or the multiple may be more restrictive. That determination will be made based upon a detailed analysis of customer order history by SKU and by running tests within the JDE system to see the volume of information it will yield on a daily basis.
- The difference between Tier 2 and Tier 3 is that built into the Tier 2 algorithm will be a percentage increase limit designed to limit the amount that a customer's volume of product or number of orders per month can increase over time based on the amount of product ordered or the number of orders placed during the previous [REDACTED] months. This percentage increase limit is designed to limit the gradual increases that can occur over time in an algorithm that is based upon the historical order patterns of the customer.

### Tier 3

- Tier 3 is [REDACTED] monthly average algorithm for products with reduced diversion risk
- Our standard [REDACTED] algorithm described above will be modified and retained as the third tier of a three-tiered set of algorithms to apply to our dosage forms of controlled substances<sup>1</sup> as follows:
  - Tier 3: Standard [REDACTED] algorithm with respect to volume and a monthly limit set at [REDACTED] by customer, by DEA reporting class.
  - (See attached sku listing)